



# AUDIT SUMMARY

ERNEST A. ALMONTE, CPA, CFE  
AUDITOR GENERAL

ALMONTE@OAG.STATE.RI.US

INTEGRITY ♦ RELIABILITY ♦ INDEPENDENCE ♦ ACCOUNTABILITY

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## RHODE ISLAND LOTTERY

FISCAL YEAR ENDED JUNE 30, 2002

We completed an audit of the financial statements of the Rhode Island Lottery (Lottery) for the year ended June 30, 2002. The Lottery's financial statements indicate that \$214.1 million was paid to the State's General Fund for the year ended June 30, 2002. This amount represents the Lottery's income after payment of prize awards, commissions and operating expenses.

The amount paid to the General Fund increased \$33.4 million or 18.5% over the previous year. Lottery sales for the year ended June 30, 2002 were \$1.2 billion with video lottery comprising \$935.2 million or 79.9% of total sales. Total prizes paid approximated \$797 million. The Lottery's operating expenses totaled \$6 million for the year ended June 30, 2002.

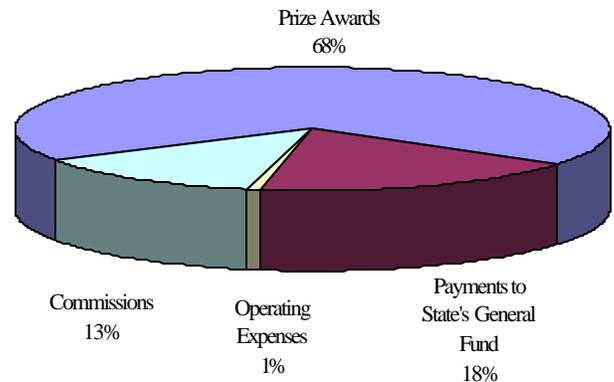
Total lottery sales increased \$192.8 million or 19.7% for the year ended June 30, 2002 as compared to the previous year. Most of the increase resulted from video lottery sales.

We concluded that the Lottery's financial statements for the year ended June 30, 2002 were fairly presented in accordance with accounting principles generally accepted in the United States of America.

We did not find any material instances of noncompliance with laws, regulations and contracts that we were required to report under *Government Auditing Standards*.

We did report a matter involving the Lottery's internal control over financial reporting. We recommended that access security to the computer systems used to operate the Lottery's games be improved. During fiscal year 2002, the Lottery

### Distribution of Lottery Revenue



began implementing a formal comprehensive security plan. Complete implementation of a formal comprehensive security plan is necessary to ensure that access is appropriately restricted to authorized individuals and any unauthorized access is detected by the Lottery on a timely basis with appropriate follow-up.

*Copies of this audit report can be obtained by calling 222-2435 or by visiting our website at [www.oag.state.ri.us](http://www.oag.state.ri.us).*

### Audit Highlights

- The Lottery paid \$214.1 million to the State's General Fund for the year ended June 30, 2002.
- Total Lottery sales increased approximately \$192.8 million or 19.7% - mostly attributable to video lottery.
- Total prizes paid approximated \$797 million.
- We expressed an unqualified opinion on the Lottery's financial statements.